

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF REID VILLAGE WATER )  
DISTRICT, OF MONTGOMERY COUNTY, KEN- )  
TUCKY, FOR (1) A CERTIFICATE OF )  
PUBLIC CONVENIENCE AND NECESSITY, )  
AUTHORIZING AND PERMITTING SAID WATER )  
DISTRICT TO CONSTRUCT A WATERWORKS )  
CONSTRUCTION PROJECT, CONSISTING OF )  
EXTENSIONS, ADDITIONS, AND IMPROVE- )  
MENTS TO THE EXISTING WATERWORKS )  
SYSTEM OF THE DISTRICT; (2) APPROVAL )  
OF THE PROPOSED PLAN OF FINANCING OF )  
SAID PROJECT; AND (3) APPROVAL OF THE )  
INCREASED WATER RATES PROPOSED TO BE )  
CHARGED BY THE DISTRICT TO CUSTOMERS )  
OF THE DISTRICT. )

CASE NO. 9012

O R D E R

IT IS ORDERED that Reid Village Water District ("Reid Village") shall file an original and six copies of the following information with this Commission by May 18, 1984. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide a bond resolution and a schedule of principal and interest requirements for the \$125,000 bond issue to be purchased by FmHA.

2. Provide a depreciation schedule for the proposed waterworks construction project.

3. Explain the nature and status of the construction work in progress which was started in 1982 and not yet completed by the end of 1983.

4. In Exhibit "O" of the application, an item labeled "Utility Tax", in the amount of \$251, is listed under both Revenues and Expenditures. Explain the source and purpose of this item.

5. Reconcile the figure of \$63,709 for total sales of water from the 1983 Annual Report (page 10) with Exhibit "O" which shows water revenue of \$63,396 and with the amount of \$64,917 listed as water revenue for 1983 in the income statement which is part of Exhibit "I".

6. Explain the selection of 10 percent as the rate by which to increase the costs of insurance, office expense, supplies, maintenance, and miscellaneous expenditures due to extension of the existing system.

7. Item No. 2 of the application (page 1) proposes that approximately 17 potential water customers are to be served. However, in the letter of conditions from FmHA (Exhibit "C"), on page 2 and in Item No. 1, 30 new users are mentioned. Explain this discrepancy.

8. Is Reid Village aware of the Commission's policy of disallowing depreciation on facilities provided through contributions in aid of construction for rate-making purposes?

9. Is Reid Village aware that all tap-on fees should be accounted for as contributions in aid of construction, rather than as revenue?

10. According to Exhibit "O" of the application, the amount of \$1,521 (labeled "tap-on fees") is included as revenue. However, in the balance sheet of the 1983 Annual Report, the account on line 41 (tap-on fees - customers) shows an increase for 1983 of only \$189. Explain this discrepancy.

11. According to the tariff on file with the Commission, the tap-on fee charged by Reid Village is \$350. Provide a breakdown of the \$1,521 included as revenue in Exhibit "O" and the number of customers assessed a tap-on fee during 1983.

12. In order to verify the current level of contributions in aid of construction, provide:

a. A detailed analysis of any revenues received from governmental agencies, developers, contractors, commercial or residential customers, in the form of tap-on fees or to pay for other specific components of capital assets. This analysis should include any form of income whether classified as residential sales, miscellaneous service revenues, forfeited discounts, or nonoperating income from 1967 through 1983.

b. A detailed analysis of all debits or charges to contributions in aid of construction from 1967 through 1983. This analysis should include the date, the description, the purpose and the amount of the charge.

13. Provide the interest rate(s) earned on certificates of deposit for 1983.

14. For each employee and commissioner of Reid Village, provide the following information for the test year:

a. The name, title, and total compensation received during the test period. Include a description and the amount of any fringe benefits paid for each employee and commissioner.

b. Total number of regular and overtime hours worked.

c. A complete description of the duties and responsibilities of each employee and commissioner.

d. For each employee and commissioner, provide an analysis showing changes in the level of wages, and other compensation, from January 1, 1981 to the present. The analysis should include the date, the amount, and the percentage of each change.

e. For each commissioner, provide the approximate amount of time required monthly to fulfill his duties and responsibilities in official utility business.

15. Provide the date of each commissioner's meeting held during the test period and indicate the total number of commissioners in attendance at each meeting.

16. With reference to Exhibit "O", provide a detailed analysis of the following expenses. Include in the analysis the check or voucher number, payee, the amount, the date, and a description of the services, materials and/or labor provided in each transaction. Items of less than \$50 may be grouped with a general description of the costs included in each group.

a. Office Expense	\$ 7,638
b. Supplies	\$ 2,044
c. Professional Fees	\$ 1,300

17. Provide a detailed description of the legal, accounting, and engineering services to be provided in this case and an estimate of the number of hours that will be charged to Reid Village for the services.

18. Provide copies of bills for water purchased during the test period.

19. Provide an analysis of premiums paid for insurance coverage during the test period. Estimate the annual cost of the additional insurance on the proposed waterworks project.

20. Of the anticipated 30 customers to be added, how many are expected to be residential customers?

21. How many customers are expected to be added during 1984?

22. Provide supporting computations for the pro forma adjustment, in the amount of \$1,392, to purchased water expense which is contained in Exhibit "O".

23. Provide the basis for the estimated rate case expense of \$1,500 along with the amount of such fee actually incurred to date. Include a copy of bill(s) reflecting services provided and the number of hours worked if applicable.

Done at Frankfort, Kentucky, this 3rd day of May, 1984.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary